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Members of the Bloomington Common Council:

We are extremely pleased to present the 2006 Budget Proposal for the City of Bloomington. Again, the preparation of the City's budget has been challenging to our department heads and staff. I am truly grateful for their cooperation and their efforts to look at the budget as a whole. This document is a tribute to all City employees.

Challenges we faced last year, including flat revenues and reversing a trend of deficit budgeting, were addressed in our 2005 Budget and continue to be a focus of our 2006 Budget. The state-imposed property tax levy growth factor continues to decline. In years past, local governments were allowed to increase property taxes on controlled funds by five percent. Bloomington's levy controlled funds are the General Fund, Parks General Fund, Cumulative Capital Improvement – Rate, Police Pension and Fire Pension. For the 2005 Budget, our levy growth factor was 4.4%, but for the 2006 Budget, our levy growth factor has been certified at 3.9%. That equates to approximately \$760,000 in new property tax revenue.

We have successfully reversed the trend of deficit budgeting in the levy controlled funds for 2006. While it wasn't necessary to ask departments to make cuts as deep as those made for the 2005 Budget, we did ask each department to cut costs wherever possible. This allows us to include the following in our 2006 Budget Proposal:

- A projected 34% increase in Health Insurance Premiums.
- A projected 22% increase in fuel.
- Contractual pay increases for our Fire Fighters, Police Officers and AFSCME employees.
- Pay increases for our non-union employees.
- An increase of \$268,000 in retirement contributions.
- An increase in General Fund support for the Sanitation Fund.
- Restoration of our computer replacement program.

In addition, we have addressed the issue of shifting costs to other funds. For instance, in the 2005 budget we shifted a portion the costs of three employees in Public Works from the General Fund to the Motor Vehicle Highway Fund. In the 2006 Budget we have moved one employee back to the General Fund. In the 2007 Budget we will move one or both of the remaining Public Works employees back to the General Fund.

\$353,939 of the Parks General Fund 2005 Budget was shifted to the Parks Non-Reverting Fund. We have reduced that to \$160,219 for 2006. We will continue to phase out the dependence on the Parks Non-Reverting over the next few years. Our projections indicate that the Parks Non-Reverting Fund balance will be sufficient to support a decreased "subsidy" through 2011.

The combined 2006 budgets for the five levy controlled funds (General Fund, Parks General Fund, Cumulative Capital Improvement – Rate, Police Pension and Fire Pension) are \$34,789,680, an increase of \$1,579,069 above the 2005 budget including appropriation ordinances approved through June 30, 2005. Our total appropriation request is \$52,862,827, an increase of \$2,593,120 over the 2005 Budget including appropriations approved through June 30, 2005. I have included in this year's budget book a section called "Summary Statement of General Fund and Fund Balance." I hope that this summary will give you a clear picture of the cash flow in the General Fund. The pages that follow are the budget comparisons, graphs and the Capital Budget Request. Please note that on the line item budgets and summaries, the 2005 Budget amounts include appropriation ordinances approved through June 30, 2005.

Once again, I would like to convey my thanks to the people who worked so hard to provide you with this budget including the Controller's Office staff: Alisa Brown, Eric Knepp, Jeff McMillian, Tami Mitchner, Susan Truelock, Brad Underwood, and Sharon Williams. In addition, I would like to thank each of you for your contributions throughout the budget process.

Respectfully,

Susan Clark
Controller

Tables and charts on the following pages:

- Summary Statement of General Fund and Fund Balance
- Budget Comparison, Pages 1 through 3
- Various Graphs
- 2006 Capital Budget Request, Pages 1 through 2